



# Financial Prosperity Barometer

Perceptions of prosperity in high-growth markets





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# Methodology

We surveyed over 10,000 adults in 18 countries across the world...



## South America

Brazil  
Argentina  
Colombia  
Chile

## Africa

Kenya  
Nigeria  
South Africa

## Europe

Czech Republic  
Hungary  
Poland  
Romania  
Greece  
Slovakia  
Turkey

## Middle East

Israel

## Asia

Indonesia  
Vietnam  
India

For the purposes of this report we have taken the countries surveyed to be representative of the region they are in i.e. Romania, Hungary, Czech Republic, Turkey, Greece, Poland and Slovakia are taken to make up Eastern Europe. To note, Israel has been grouped with Africa (Nigeria, Kenya, South Africa).

Respondents were reached through an online survey, so any discrepancies between global data on access to traditional financial services in the markets surveyed and respondents' perception of access to financial services as outlined in the survey may be explained by a higher proportion of internet users completing the survey.

# Foreword



**At PayU, our vision is to create a world without financial borders where everyone can prosper. Every day we endeavour to meet this ambitious vision.**

Many different factors influence the way that people access and engage with financial services. This local market knowledge has always been a cornerstone to our strategy at PayU. We understand local economies, environments and societies, and we build technology that meets specific market needs.

This opportunity to bring greater access to financial services to people globally is immeasurable. That is why we are striving to take our knowledge and understanding further.

We conducted this research project to uncover the ultimate impact that a world without financial borders can bring. Our approach is specifically designed to learn more about human behaviour and how differently people understand the term prosperity.

For some, being prosperous is about happiness, good health or job stability, while for others it's about money and having savings to protect their future.

This is the first research of its kind, charting the complex relationship between financial services and prosperity. We go beyond access to uncover the consumer benefit of financial services and, ultimately, consider how that shapes the global economy.

We want to bring together governments, analysts, merchants, technology and financial services providers to discuss these findings. A better understanding of the relationship between financial services and prosperity enables all stakeholders to drive greater change and more positive impact.

I am therefore delighted to share with you this inaugural Financial Prosperity Barometer:

Perceptions of prosperity in high-growth markets, which investigates perceptions of prosperity in 18 high-growth markets across the globe and reveals the impact financial services has on people's notion of prosperity.

The findings are fascinating, and speak for themselves, but here are two things in particular that stand out to me.

Firstly, the role of financial education. Beyond financial inclusion, there is a huge role for financial education globally so that everyone – from consumers to businesses, and industry players to regulators – can help people in their journey to a better and more prosperous future for themselves and their children.

Secondly, technology. Tech is critical to improve financial inclusion and education on a global scale. Business leaders must take greater risks and bring new innovations like AI and machine learning into the real world, to maximise the technology opportunity.

Just look at how AI already allows us to bypass traditional financial infrastructure which excluded many – and this is just the beginning. Technology is how we will change the world.

It is our responsibility now, as global leaders in fintech, to understand the dynamic line between financial services and prosperity and to use all means we have, advanced technology being the most powerful, to build a world without financial borders where everyone can prosper.

**This is what this report is destined for. I hope you will join me on the journey.**

Laurent Le Moal  
CEO, PayU

# Executive summary



Definitions of prosperity vary considerably based on geography, but the shared global factors are:



Being happy with your life



Good health for your friends and family



Having a good and stable job



Having enough savings for the future

## Income and prosperity are not necessarily linked



Only 15% of people considered themselves to be very prosperous.



But, 54% of those surveyed had a household income that is above average for their region.



75% of those whose income was below the average still felt some measure of prosperity.



Only a quarter of people felt that 'being wealthy' in itself is necessary for prosperity.



But finances are more than just income; the majority of people in high-growth markets identify a link between financial services and prosperity

- Over 75% of people in the countries surveyed believed that financial services can help people plan for future prosperity.
- 60% felt financial services have already helped them in this regard and nearly 50% of respondents believed you cannot be prosperous without access to financial services.
- Concerningly, those who felt the least prosperous were least likely to see how financial services could positively affect their prosperity.

Looking at those who cited access to financial services, there was also a clear link between access and the belief that financial services can increase prosperity

- Those who had the lowest stated access to financial services were least likely to agree with the positive impact they can have on prosperity.
- Eastern Europe reported the lowest access to financial services and the least belief in the correlation between financial services and prosperity (45% vs. 60% average).

Some financial services have clearer emotional benefits than practical - these financial services are more clearly linked with prosperity

- Emotional benefits, for example, included the ability to reduce financial stress and feeling closer to loved ones. Practical benefits, on the other hand, featured responses such as ensuring debts and bills get paid promptly and easily.
- Credit and payments were the only services where respondents found it easier to identify the practical benefits than the emotional benefits.



# Chapter One

## Defining Prosperity

**Definitions of prosperity are influenced by the region in which people live. Factors that are seen as necessary to prosperity vary by geography and culture.**

### What does it mean to be prosperous?

According to the Cambridge Dictionary, 'prosperity' is 'the state of being successful and having a lot of money'. The real-world definition is, however, not so simple. In fact, we found that prosperity isn't directly linked with monetary income in high-growth markets. Instead, our survey showed that the most popular factors overall for defining prosperity were:

- **Being happy with your life**
- **Good health for friends and family**
- **Having a good, stable job**
- **Having enough savings for the future**

The absence of a relationship between income and prosperity was further highlighted when respondents were asked how prosperous they felt in life. Only 15% of people surveyed felt that they were very prosperous despite the fact 54% of those surveyed had an above-average income for their region.<sup>1</sup> This appeared to work both ways; three quarters of those whose income was below average still felt some measure of prosperity, proving the lack of a link between income and prosperity.

'Having a lot of money' could equally relate to overall wealth, not just income, but our survey also disproved this link. Respondents' answers showed that wealth wasn't a key requisite for prosperity, with just a quarter of people saying that being wealthy was a requirement for being considered prosperous.

However, those who labelled themselves as 'not at all prosperous' were considerably more likely to see wealth as a requisite for prosperity. A person's sense of feeling hard done by, then, impacts how much they think wealth defines their prosperity.

<sup>1</sup> This skew for above-average income across the regions is likely caused by the required internet access for the survey.

## Prosperity around the world

When it came to defining prosperity in high-growth markets, we saw a major discrepancy between regions. Different regions prioritised different elements of prosperity, with health being the only clear priority across all geographies.



A secure, well-paying job was viewed as less relevant for prosperity in Africa/Israel and Asia (around 35%) than South America (51%) and Europe (46%).



Around half of respondents in Asia saw a loving family as necessary to be prosperous, making it the second most popular factor in this region, compared with 40% and less in other areas.



Only 9% of respondents in South America felt that 'being wealthy' is necessary to consider someone prosperous, rising to 36% in Africa/Israel.




Access to financial services was rated as key to considering someone prosperous by 25% of people in Africa/Israel, falling to 13% in Eastern Europe.



Only in Eastern Europe did less than one in three feel that being able to provide the best education for children qualified as prosperity.



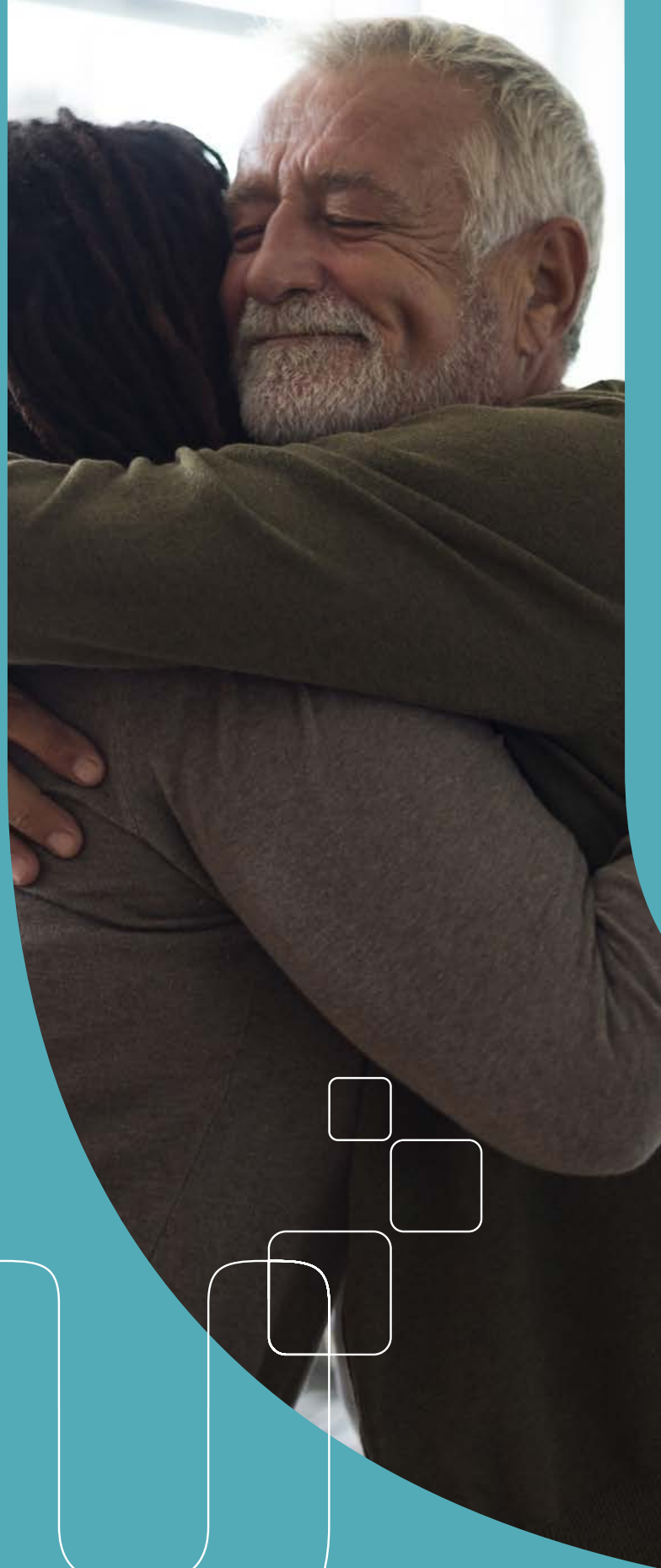


**Rather than being purely financial, prosperity ranged from having practical capabilities to overtly sentimental factors.**

Although income alone was not clearly linked with prosperity, stability in one's financial situation was. Looking at people's perceptions of prosperity over the past few years, the country in which people live also had an effect on how prosperous they felt. Three quarters of Asians agreed their prosperity had increased while fewer than half of Eastern Europeans felt this way.

Data from the IMF shows that Asia Pacific had a GDP growth rate of more than double that of Eastern Europe, with GDP often acting as an indicator of a better overall economy, more job security and more consumer spending.<sup>2</sup> These factors of course lead to a more stable financial situation.

Access to financial services was another key influence on perceptions of prosperity; nearly half of those in high-growth markets believed you cannot be prosperous without access to financial services.



<sup>2</sup> World Economic Outlook. April 2019.

# Chapter Two

## Access to Financial Services

**An exploration of perceived access to five major financial services in high-growth markets: saving and growing money, depositing money, payments (including sending and receiving money from elsewhere), insurance for health and property, and credit (borrowing money).**

### A question of access

Data from the World Bank indicates that virtually all the world's unbanked live in the developing world.<sup>3</sup> Rather than looking just at volumes of accounts, we asked respondents in high-growth markets across Africa/Israel, Asia, Eastern Europe, and South America if they had access to any major financial service. There were considerable differences by region.

Those in Asia reported the best access to financial services, while Eastern Europe felt they have the worst, with 13% saying they have no way to access any financial service. This is felt particularly badly by respondents in Greece and Hungary, where one in five respondents claimed no access compared to the average of one in ten. According to analysis by McKinsey, Eastern Europe has tried to model banks on the traditional branch networks in Western Europe, but low income levels make this unfeasible, which could explain the feeling of poor access.<sup>4</sup>

Interestingly, both Asia and Eastern Europe have countries that have been identified by the World Bank as priorities for bettering financial inclusion. India, Vietnam and Indonesia feature from Asia and Turkey is included from Europe.<sup>5</sup>



<sup>3</sup> Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Overview booklet. Washington, DC: World Bank.

<sup>4</sup> Dietz, Miklós, Adam Homonnay, and Irene Shvakman. 2012. What's ahead for banking in Eastern Europe. McKinsey. Online.

<sup>5</sup> The World Bank. Universal Financial Access 2020.



The disparity between perceived access and verified problem areas suggests problems that are not recorded in financial inclusion research. The communication of services available may be poor, real-time technology-enabled financial services solutions may not be taken into account, and practical considerations may prevent people accessing financial services that exist in their area.

The need for a tailored local approach is clear. The varied perception of access promotes the need for a tailored local approach across different high-growth markets; improving access as well as the perception of accessibility is crucial.

### Financial matters: overcomplicated or oversimplified?

Those in rural areas were most likely to feel isolated from access to financial services (17%). In countries with low infrastructure, this is disappointing more than surprising. As a reference point, more than 25% of individuals without a bank account in Indonesia and Malaysia consider the physical distance to a bank as a barrier to inclusion.<sup>6</sup>

Rural populations, however, were no more likely to find financial matters confusing than those in urban or suburban areas. Financial matters without services are, perhaps, simpler – you are either in possession of cash or you aren't.

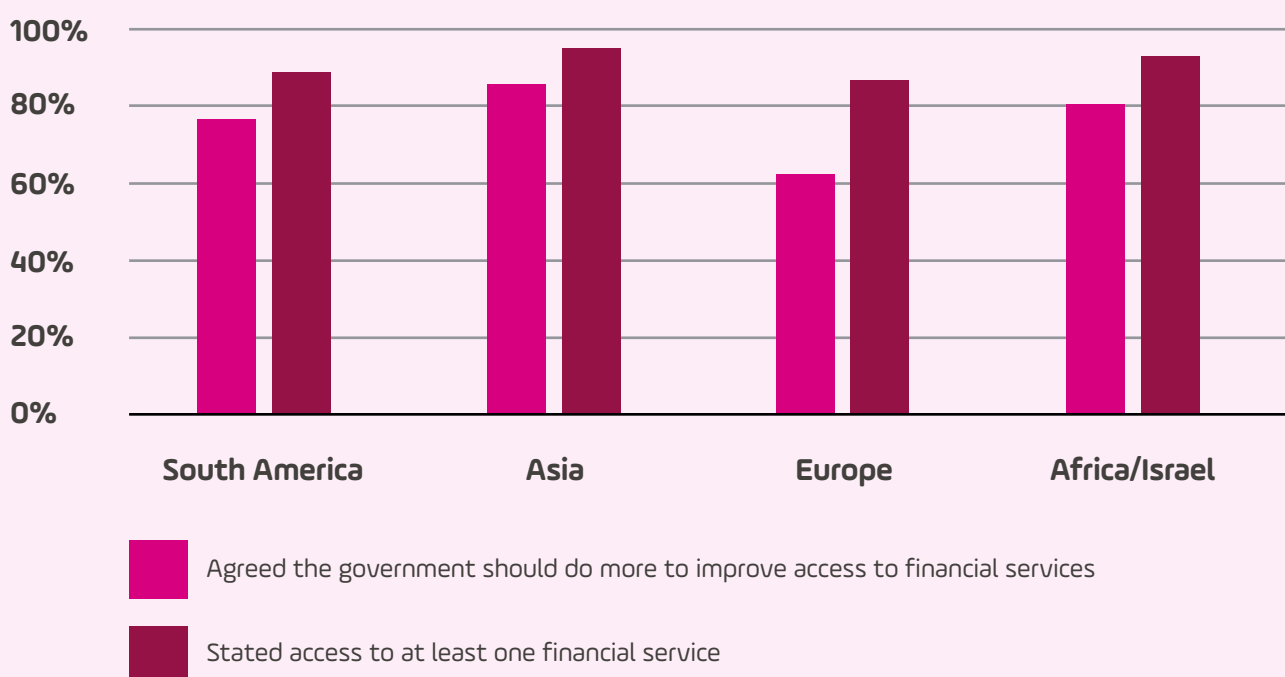
The World Bank found that the primary reason cited for not having a bank account is having too little money to use an account.<sup>7</sup> Not finding matters confusing does not necessarily indicate a positive understanding of financial services and what they can offer.

### Governing finances

90% of respondents believed they had access to at least one major financial service. When we compare this to figures saying that 1.7 billion adults still remain unbanked (the majority of them in high-growth markets) the influence of internet on these findings becomes apparent in the significant difference between perceived access and recorded access.<sup>8</sup>

Three quarters of all respondents, however, still think that their respective governments should be doing more to improve their access. The regions with the highest perceived access, Asia and Africa/Israel, are the ones that agree most with this call to action, showing 80% or above want more action from their governments. Eastern Europeans were the least concerned that their governments should have accountability for providing access to financial services, at twelve percentage points below the average (63%).

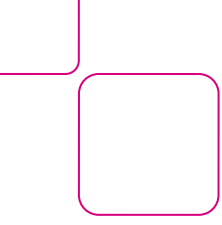
### Relationship between perceived access and government accountability



<sup>6</sup> Banking in emerging markets: Seizing opportunities, overcoming challenges. Ernst & Young.

<sup>7</sup> The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution.

<sup>8</sup> Ibid.



There is a positive link between the number of people per region who felt they had access to financial services and those who felt their government had a responsibility to do more to improve access. Demands for better availability of major financial services are lower in regions where people feel it is unavailable. What's clear is that people who feel financial services are available to them are most likely to see value in this access and feel their state is entitled to it.

### Breakdown by service

All financial services are not created equal – or equally accessible. To address the needs in high-growth markets, we first have to identify which services are seen as the least available and in which region.

Most people say they have a way to save and grow money, followed closely by a way to deposit money, send or receive payments, and insure health or property and payments. Credit is significantly harder to access.

“We endeavour to provide positive impact and value throughout the entire financial ecosystem in the countries we operate. Working closely with governments and regulators is a vital part of that. Our global reach combined with hyperlocal knowledge helps us advise on how financial services can best improve and extend access in each market.

In Europe, we've seen first-hand the roll out and impact of PSD2, and across many markets regulation is being used as a tool to improve and enhance financial services. In Kenya, for example, the Kenya Communications (Amendment) Act helped to instil widespread confidence in electronic transactions. This promotion of e-commerce has enabled Kenya to become a fintech and economic leader in Africa and hugely increased the adoption of internet subscriptions among the public.

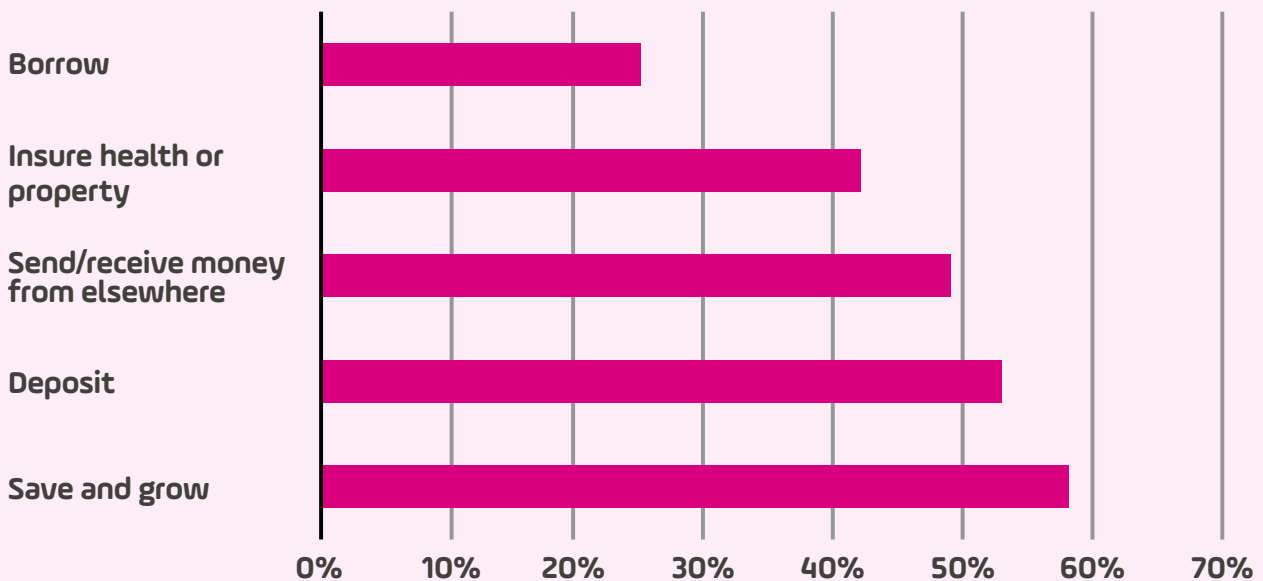
Being able to work so closely with regulators and governing bodies across different regions is incredibly valuable for both parties. Sharing our knowledge ensures the best and most accessible services for the people in those countries, and I'm particularly proud of how this helps us to break down financial borders.”

**Patrick Ellis**  
General Counsel, PayU





## Respondents who said they have access to each financial service



"Enabling access to credit in a way that suits each individual is one of the major innovations that technology has enabled in recent years. Constantly looking at how we use both the technology of today and of the future is vital to ensuring credit becomes more universally accessible.

I'm incredibly proud of the work we've done at PayU to offer credit to people who otherwise wouldn't be able to borrow money due to outdated, traditional structures. We don't just transform who can access, but also how people access credit. If this report highlights one thing, it's that finances and feelings of prosperity are personal. So financial services should be localised and personalised wherever possible to best serve the people using them, and AI and machine learning should be used to make this possible.

How does this work in practice? One example lies in how we use transaction and consumer data responsibly to understand more about our customers. We can decide to offer credit to those who otherwise wouldn't have access, and when this is applied to micro-credits we can enable up to 30% of the population in some countries to access e-commerce. Colombia and India, two of PayU's most active markets, account for several hundred million transactions per year. This big data, when combined with machine learning and AI technology, offers unique insight and predictions of consumer payment habits and behaviours."

**Sid Jajodia**  
Head of Credit, PayU



Fewer than half of Eastern Europeans said they have a way to deposit money



Africa/Israel have much higher access to payments services than other regions with 63% able to send and receive money from elsewhere compared to an average of 49%



This is also the case with access to credit, with 41% able to borrow money compared to 25% on average

These regional variations can be explained by how people access their services. For example, Africa/Israel showed by far the highest preference for using mobile money providers for depositing, borrowing and saving (keeping in mind the skew towards internet users). This aligns with the impressive growth of money mobile services in Sub-Saharan Africa which, in 2017, the GSM Association said had half of all mobile money services in the world. For the three months to June 2018, M-Pesa processed 581 million transactions for its 23 million Kenyan subscribers, worth \$14.6-billion or \$162-million a day, according to the Communications Authority of Kenya.<sup>10</sup>

For countries that had minimal financial infrastructure just years ago, the rate of change is astonishing and demonstrates the uptake of alternative financial service providers in high-growth markets such as Kenya.

### Where there's a will, what's the way?

Smartphones pave the way for greater financial access. More respondents say they own a smartphone device (92%) than a laptop, computer or tablet..

Access preferences do vary depending on the service. While smartphones come out on top for depositing (48%), borrowing (38%) and sending money (50%), those saving and growing money preferred in-branch (43%) and websites (42%) over smartphones (41%).

There is also variation depending on where the service is being accessed.

### Depositing:

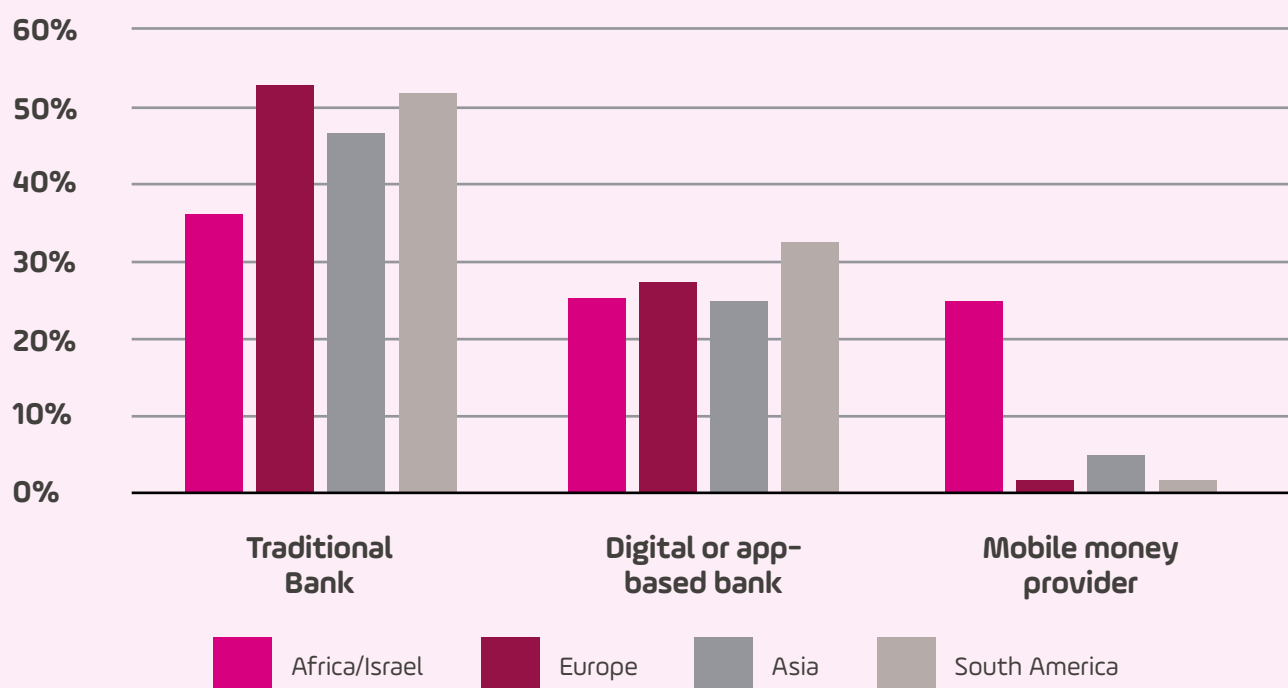
A traditional bank was used by nearly half of people across regions, except from Africa/Israel where this was only 36%. Africa/Israel had a particularly strong preference for mobile money providers with 25% of respondents saying they deposited money this way. The second highest region for mobile money providers was Asia, down at 5%.

<sup>9</sup> Shapshak, Toby. "How Mobile Money Continues to Boom in Africa." Forbes.com. November 2018.

<sup>10</sup> The GSM Association. The Mobile Economy 2019. 2019.



## Providers used for depositing money



### Credit:

For borrowing money, South America and Eastern Europe had a clear preference for traditional banks (67% and 68% respectively). This was down at 40% in Asia and 31% in Africa/Israel. Africa/Israel, on the contrary, were by far the most keen on mobile money providers (36%) at more than double the next highest region. Asian respondents were most likely to borrow from a relative or friend, with nearly 20% saying they do.

### Saving and growing:

72% of respondents in South America and Eastern Europe used traditional banks to save and grow their money, while in Asia this was 52% and in Africa/Israel 45%. Again, Africa/Israel had a higher preference for mobile money providers with 21% saving and growing money using mobile money providers compared to only 9% in Asia, the next highest region for this preference.

Investment providers were also distinctly more popular for Asia and Africa/Israel than South America and Eastern Europe when saving and growing money.

### Payments:

Just under 50% of everyone surveyed felt they had the ability to make payments to/from elsewhere. In Asia this rose to 63%. Online money transfer companies were apparently nearly as commonly used as banks. Asia demonstrated the highest usage at 38% and Eastern Europe was the lowest, still with a considerable 21%.

Eastern Europeans, on the other hand, had a clear preference for using traditional banks for sending or receiving money, with 45% accessing the service through a bank. Around a quarter of those in other regions used a bank.

### Influential infrastructure

It is estimated that more than five billion people in the world now have mobile devices, so it makes sense that there is heavy preference globally for accessing financial services through smartphones. However, it is surprising that, despite the growth in mobile, traditional banks are still so dominant in high-growth markets.



"Our report shows that when it comes to payments, those in Asia value sending financial help to loved ones as the primary benefit while the Eastern European population is more focused on paying debts and bills. Insights like these help us tailor our offerings.

At PayU we process approximately 1.6 million payments a day, so we know that being able to send and receive money has the power to cross borders and connect people and businesses around the world. From the ability to make immediate, frictionless purchases, to reaching friends and family, access to payments can enhance the lives of those in high-growth markets in so many ways.

Achieving operational efficiency at a global scale, however, is not easy. We use state-of-the-art payments technology and a globally distributed architecture to make sure our services work the world over. Advanced technology is how we achieve reliability and scale, but only through local expertise can we understand people's payment habits and preferences in each market. There's no use in a fantastic system that individuals can't access."

**Mario Shiliashki**  
Head of Payments, PayU



# Chapter Three

## The link between financial services and prosperity

**There is a definite link between financial services and prosperity in high-growth markets. The more access a region felt it had, the stronger the link between financial services and prosperity.**

**Financial services and prosperity aren't all about income and wealth though. Savings and financial security rank higher than wealth. Meanwhile, financial services that contribute to these factors are more clearly linked with feeling prosperous.**

### Establishing a link...

The majority of respondents in high-growth markets identified a link between access to financial services and an increase in personal prosperity. Three in five believed that financial services have helped them increase their prosperity, and more than 75% were optimistic, believing that financial services can help plan for future prosperity. Nearly half believed you cannot be prosperous at all without access to financial services.

Although wealth specifically wasn't a key criteria for prosperity, having security and savings for the future were ranked highly. 42% of respondents cited a secure, well-paying job as a factor for prosperity, and over a quarter felt having savings for the future fit their definition of prosperity. It's clearer to see the relationship between financial services and prosperity with this insight; safeguarding and avoiding future hardship tomorrow is more important than capital banked today.





## Seeing is believing

Those who considered themselves most prosperous were more likely to see how financial services have helped them to achieve this prosperity. They were also more likely to believe that financial services will help with future prosperity.

This was clearly demonstrated in Asia where people were most likely to consider themselves either fairly or very prosperous. 80% said financial services have helped them to become more prosperous compared to 60% globally.

This worked both ways. Those who felt least prosperous were least likely to think financial services have positively affected their prosperity. Only 35% agreed that their prosperity had increased with access to financial services. This compares to 78% who felt very prosperous. People who felt the least prosperous also claimed the lowest access to financial services, with nearly one in five stating a lack of access to any major service.

There is a stark difference of opinion in the role financial services can play between those who feel lacking in prosperity and those who feel content. This perception of prosperity distinctly informs how valuable access to financial services is perceived as being.

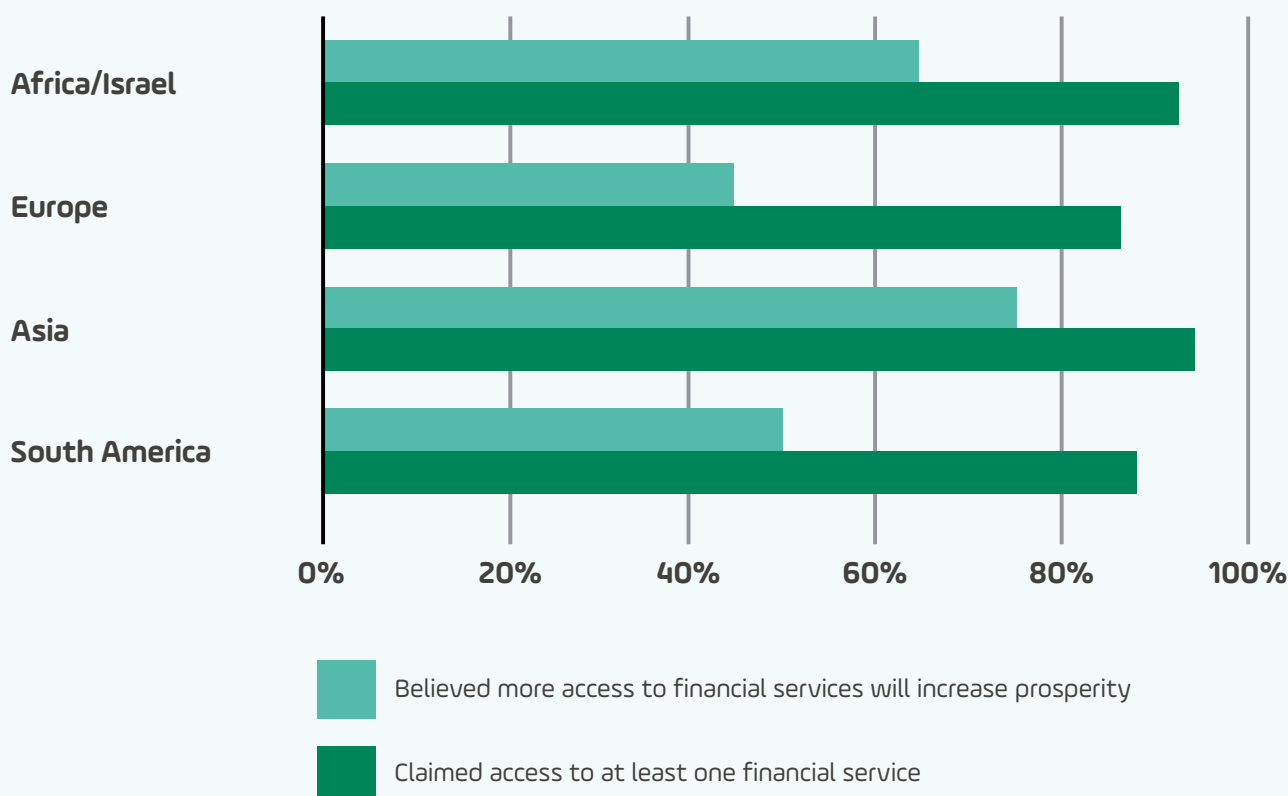
## Access and influence

The level of access to financial services across continents plays a role in how people identify an impact from financial services on their prosperity.

Eastern Europe was the only region where less than half believed that increased access to financial services increased prosperity (45% vs. 59% average) and was also the region with the lowest perceived access to financial services.

South America was not much higher, with half of respondents agreeing that greater access to financial services will result in more prosperity. This region also claims low overall access, with 11% having no access at all.

### Perceived access and impact of financial services on prosperity



## The easier the access, the more obvious the impact

Depositing money (the service that the most respondents considered easy to access) was also one of the services that people found easiest to identify the benefits of. Only 3% of respondents globally could not identify the benefits of depositing money.

While credit was considered to have the lowest impact on prosperity compared to other services, it was also seen as the most difficult to access; four in five did not find it easy to borrow money. A lack of real-life experience using credit could lead people to fail to see the benefits of it.

Interestingly, credit was also the lowest rated service for meeting a lot of, or all, financial needs, with only half finding credit satisfactory. This speaks to both the need and opportunity in this area – improved access, ease of access and ability to meet respondents' needs are all required to better serve individuals and demonstrate the benefits of borrowing money.

Perceptions around saving money were more nuanced. While not considered the easiest service to access, it did have the highest claimed level of access. It was also the most recognised as having an influence on prosperity. This global figure hides some distinctions: saving money had the largest discrepancy between regions when it comes to ease of access. Three quarters of those in Asia said it was easy to access, whereas this dropped to half in South America. Respondents with an above-average income were also far more likely to think saving is easy to access than those whose income is below average for their region.

"There is no one-size-fits-all, and making major financial services easy and accessible for all, particularly those who feel most financially vulnerable, is the role of technology in our industry. As we strive to create digital ecosystems that depend on collaboration, ensuring our services are open from start to finish is how we will maximise the opportunity technology offers to make a real difference in high-growth markets around the world.

We've seen the enormous impact that services like credit can have on individuals and economies, but it's not surprising that those without access aren't aware of all the potential benefits. The sooner we can break down borders and improve financial inclusion, the sooner people can feel empowered to grow their prosperity."

**Laurent Le Moal**  
CEO, PayU



# Chapter Four

## Financial Services: the Practical and Emotional Benefits

**Those in high-growth markets were easily able to identify the benefits that financial services bring. Emotional benefits were more easily linked to prosperity than practical benefits, with security and peace of mind valued highly.**

### Identifying the benefits

After establishing a link between access to financial services and perceptions of prosperity in high-growth markets, we went deeper and asked what were the specific benefits of each service. These were categorised as either practical benefits, such as being able to save for the future or provide for your family, or emotional/social benefits, such as reducing financial uncertainty or feeling closer to loved ones.

Understanding where people see the most benefit – and what that benefit is – is crucial to creating the right financial services that offer the right impact for high-growth markets.

At least 90% of respondents were able to identify emotional and practical benefits of each financial service, demonstrating that people in high-growth markets can clearly see the value these services contribute to their daily lives.





## Emotional benefits



Feeling  
secure



Reducing  
financial  
stress



Providing  
peace of  
mind

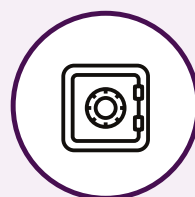
## Practical benefits



Having savings  
in case of hard  
times or an  
emergency



Being able  
to invest in  
a business  
or idea



Keeping  
money safe

### Security and safeguarding

In high-growth markets, security and peace of mind were perceived as the primary benefits of almost every financial service. A focus on the future is clear, with the ability to safeguard against potential hardship emerging as distinctly important. For example, over half of respondents saw a benefit in saving and growing money in case of hard times or emergency. The emphasis was on protection against negative circumstances rather than the positive changes financial services can offer today.

### Emotional wins

Out of the five major financial services, respondents were most easily able to identify the benefits of the ability to save and grow money; 98% of people were able to recognise practical benefits of saving and 100% could identify the emotional benefits. Even for credit, the financial service with the lowest access, 94% could identify practical benefits to being able to borrow money and 90% could identify emotional benefits.

The most recognised benefits of financial services tallied with people's perceptions of what defines prosperity. For example, having savings in case of hard times corresponds with over 40% who stated that a secure, well-paying job is necessary to consider someone prosperous. The two services where the emotional benefits were harder to identify than the practical saw the lowest percentage of respondents agreeing that the services increase prosperity. This indicates a stronger link between emotional benefits and perceptions of prosperity than practical benefits.

### Instant gratification: deep dive into credit and payments

Credit and payments were the only services where people found it easier to identify practical benefits over emotional. As e-commerce is expected to surpass \$4.6 trillion globally by 2022, the ability to purchase immediately, is becoming standard across the world. Frictionless purchases that reduce consideration time are part of what the industry hinges on, so it stands to reason that it is easier to see the practical, tangible results of these two services which cater to more immediate needs.

Insurance, depositing and saving, on the other hand, saw more future-focused benefits and therefore they are more easily linked to emotional/social benefits such as peace of mind and reduced worry.

#### *Benefits of payments:*

The benefits of payments were focused on current financial issues such as paying bills and helping friends or relatives, with the emotional benefit of feeling less worried about personal or close ones' financial situations. Over half of those surveyed in every region identified ensuring debts and bills get paid promptly and easily as one of the biggest practical benefits. In addition, half of respondents globally recognised being able to give or receive help when it's needed as a benefit of payments. These deadline-driven reactive uses of this financial service emphasise practicality over psychological or emotional. Asia was much more likely to have sending or receiving money for gifts and surprises as one of the biggest benefits to this service (38% vs 26% average).

<sup>11</sup> Worldpay, Global Payments Report, November 2018.

### Benefits of credit:

Being able to invest in a business or idea was identified by a third as a practical benefit to credit. This was closely followed by being able to afford basics during difficult times, which was rated most by those in Africa/Israel (37%) and least by South American respondents (25%).

The two most popular emotional benefits for credit were the ability to reduce financial stress and financial uncertainty.

However, these were rated much higher in Asia and Africa/Israel than in South America or Eastern Europe. Data from the World Bank can potentially shed light on this, as it found that those in the Middle East, Sub-Saharan Africa and South Asia had the highest percentage of unbanked adults.<sup>12</sup> The regions that are most likely to have unbanked adults are also the regions where a reduction of stress and uncertainty are seen as the primary values of access to credit.

### Top rated benefits for borrowing money by region



### Services need to serve

Even the highest rated financial services served just six in ten consumer needs. The message is clear: there is room for improvement, and listening to customer concerns is the best way to create solutions.

Ease of access played a role; the easiest services to access were also those which were viewed as best at serving consumer needs. The ability to deposit money and to send or receive payments were considered the most adequate, but it is still concerning that only 62% of respondents said these two financial services meet most or all of their needs.

<sup>12</sup> Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden. The Global Findex Database 2014: Measuring Financial Inclusion around the World. World Bank Policy Research Working Paper 7255.

"Having worked right across Europe, I'm well-versed in the extraordinary variations you can see across a single region. From the most advanced technology programmes to markets which have sometimes been neglected and treated as homogeneous, every continent has diversity in its financial systems.

Europe is fascinating because of the tricky relationship between heritage and innovation; financial infrastructure that worked in one country hasn't necessarily thrived in another. Increasingly, the industry is understanding the importance of curating services based on solving public needs and relying less on traditional banking.

The findings of this report underline that this is absolutely crucial to financial inclusion. Innovation in how and where we service people's financial needs is an ongoing challenge, but an exciting one. The more insight we gather from our customers across the globe, the better each and every financial service provider can be."

**Jane Zavalishina**

Fintech Advisory Board, PayU

## Spotlight on Eastern Europe

When asked to identify the practical and emotional benefits of the major financial services, Eastern European respondents were, in general, the least likely to be able to do so. Notably, they were also the region with the lowest perceived access to these services.<sup>13</sup>

Cross-referencing this sentiment analysis with other financial inclusion research highlights a significant issue for the financial sector in Central and Eastern Europe, where attitude towards traditional financial institutions (banks, in particular) is not especially positive. In research conducted by the Department for International Trade, Czech Republic, Hungary, Poland, Romania and Slovakia show their banked populations to be between 60-82%. Trust in banks, however, sits no higher than 50% for any of these countries, falling at its lowest to 27% in Hungary where 72% of the population are banked.<sup>14</sup>

Our research found these Eastern European markets to be divergent in their perceptions of the benefits of financial services compared to the other high-growth markets investigated. Across nearly all the major financial services, Eastern European respondents saw less benefit than those from other regions. This was most apparent when looking at the benefits of credit; one in 10 in Eastern Europe said they didn't know the practical benefits of borrowing money, with even more not knowing the social/emotional benefits (16%).



<sup>13</sup> Note that this is weighted towards those with access to the internet.

<sup>14</sup> Department for International Trade in partnership with Deloitte. Fintech in CEE: Charting the course for innovation in financial services technology. 2016.



# Conclusion

**This report proves what some may have suspected but never tested – that the concept of prosperity means something different to individuals across different markets.**

Throughout this report, we have unearthed the depths of these different views on what it means to be prosperous and looked at how access to different financial services can impact them.

It will come as a huge surprise to many people that income and wealth are not explicitly linked to people's idea of prosperity, with three quarters of people in high-growth markets disregarding wealth as a factor. Instead, security and peace of mind are cited as key components of prosperity, reminding us of the human impact of our work and highlighting how intricately healthy finances are linked to healthy minds.

Six in 10 people we spoke to felt that financial services had helped them become more prosperous. However, warning signs emerged with those claiming the lowest access to any financial service failing to see how their situation could be improved. In essence, those lacking access to financial services lack a vision for their future prosperity.

Thus, we face our biggest challenge as an industry. We are charged with not only fostering financial inclusion, but ensuring every individual feels entitled to financial services and understands how they will enrich their future.

To be successful in this mission, we need governments, regulators, technology providers and financial services companies to educate themselves on the human drivers of behaviour exposed through this report, so we can work towards a common goal of prosperity for all.

We can see from the findings that it's impossible to ignore the impact of technology on human behaviour and people's engagement with financial services. In Africa, the huge adoption of mobile money has totally transformed who can access financial services. Meanwhile in India, artificial intelligence has extended credit to whole communities that were previously excluded. The effects of the technology revolution are felt throughout Asia, making credit easier to access.

The integration of financial services and technology is a great accomplishment, bringing with it a great responsibility. As we realise the global impact our work has, we need to continually rise to the challenge of financial inclusion. Using the technology of today, and tomorrow, we can truly create a world without financial borders where everyone can prosper."

Laurent Le Moal  
CEO, PayU



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